

**DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**

**COMMAND AUDIT OF  
OROVILLE AREA**



**FINAL REPORT**

**APRIL 13, 2010**

**M e m o r a n d u m**

Date: April 13, 2010

To: Office of the Commissioner  
Attention: Commissioner J. A. Farrow

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**  
Office of the Assistant Commissioner, Inspector General

File No.: 005.9968.A13471.010

Subject: FINAL 2009 COMMAND AUDIT REPORT OF OROVILLE AREA

In accordance with the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing* §2020, issued by the Institute of Internal Auditors, Government Code §13887 (a)(2), and the California Highway Patrol (CHP) Audit Charter, I am issuing the 2009 Command Audit Report of Oroville Area. The audit focused on the command's Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs.

The audit revealed the command has adequate operations. However, an issue was observed. This report presents a suggestion for management to improve on its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific finding, recommendation, and other pertinent information in the report. The Oroville Area agreed with the finding and plans to take corrective action to improve its operation.

The Oroville Area will be required to provide a 30 day, 60 day, six month, and one year response on its corrective action plan implementation. If identified issues are resolved and addressed during any phase of the above reporting period, no future action is required on their behalf. Also, the Office of Inspections plans on conducting a follow-up review within one year from the date of the final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887 (a)(2), this report, the response, and any follow-up documentation is intended for the Office of the Commissioner; Office of the Assistant Commissioner, Field; Office of the Assistant Commissioner, Inspector General; Office of Legal Affairs; Office of Inspections; Valley Division; and the Oroville Area. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code §6250 et seq.

***Safety, Service, and Security***

Office of the Commissioner

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Furthermore, in accordance with the Governor's Executive Order S-20-09 to increase government transparency, the final audit report, including the response to the draft audit report, will be posted on the CHP's internet website, and on the Office of the Governor's webpage, located on the State's Government website.

The Office of Inspections would like to thank Oroville Area command's management and staff for their cooperation during the audit. If you need further information, please contact Captain Ernie Sanchez at (916) 843-3160.

A handwritten signature in blue ink, appearing to read "M. C. A. Santiago".

M. C. A. SANTIAGO, CIG, CLEA  
Assistant Commissioner

cc: Office of the Assistant Commissioner, Field  
Valley Division  
Oroville Area  
Office of Legal Affairs  
Office of Inspections, Audits Unit

*BUSINESS, TRANSPORTATION AND HOUSING AGENCY*

*DEPARTMENT OF CALIFORNIA HIGHWAY PATROL*

*COMMAND AUDIT OF OROVILLE AREA*

*OFFICE OF INSPECTIONS, AUDITS UNIT*

*APRIL 13, 2010*

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# EXECUTIVE SUMMARY

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The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Consistent with the California Highway Patrol's (CHP) 2009 Audit Plan, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of the Oroville Area.

The CHP's 2008-2010 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to improve the efficiency and/or effectiveness of departmental operations.

The objective of the audit is to determine if the command has complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs. Additionally, this audit will provide managers with reasonable, but not absolute, assurance that departmental operations are being properly executed. The audit period was from January 1, 2008 through April 14, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period of August 3, 2008 through April 14, 2009. The audit included a review of existing policies and procedures, as well as, examining and testing of recorded transactions to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from April 14-15, 2009.

Sample selection for this audit was primarily random. However, if a judgmental sample was necessary, the auditor selected accordingly. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

Based on the review of the Oroville Area's operations, this audit revealed the Oroville Area has complied with most operational policies. However, an issue was observed. The following is a summary of the identified issue:

## **DUI Cost Recovery Program**

- Based on this review of the command's DUI Cost Recovery Program, the command is in compliance with departmental policies and procedures.

## **Asset Forfeiture (AF) Program**

- The command did not submit a copy of the Memorandum of Understanding renewing the asset forfeiture agreement with an allied agency to the Division Asset Forfeiture Coordinator in a timely manner.

Please refer to the Finding and Recommendation section for detailed information.

# AUDIT REPORT

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## **INTRODUCTION**

To ensure the California Highway Patrol's (CHP) operation is efficient and/or effective and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of the Oroville Area.

The CHP's 2008-2010 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations. This audit will assist the CHP in meeting its goal.

## **OBJECTIVE AND SCOPE**

The objective of the audit is to determine if the command has complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was from January 1, 2008 through April 14, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period August 3, 2008 through April 14, 2009. This audit included the review of existing policies and procedures, as well as, examining and testing recorded transactions, to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from April 14-15, 2009.

## **METHODOLOGY**

Under the direction of the Office of the Commissioner, each command was randomly selected to be audited regarding its DUI Cost Recovery and Asset Forfeiture Programs. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

There were no prior audit reports or findings for this command.

## **OVERVIEW**

**DUI Cost Recovery Program:** Based on this review of the command's DUI Cost Recovery Program, the command is in compliance with departmental policies and procedures.

**Asset Forfeiture:** The command was compliant with state laws and most policies and has adequate internal controls regarding its Asset Forfeiture Program. However, the command did not submit a copy of the Memorandum of Understanding renewing the asset forfeiture agreement with an allied agency to the Division Asset Forfeiture Coordinator in a timely manner.

This audit revealed the command has adequate operations and only one issue was discovered, which if left unchecked could have a negative impact on the command and CHP operations. This issue should be addressed by management to maintain the command's compliance with appropriate laws, regulations, policies, and procedures. The finding and appropriate recommendation is presented in this report.

As a result of changing conditions and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations may hinder the efficiency and effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; moreover, an audit may not always detect these limitations.



# FINDING AND RECOMMENDATION

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## ASSET FORFEITURE PROGRAM

**FINDING 1:**           **The command did not submit a copy of the Memorandum of Understanding (MOU) renewing the asset forfeiture agreement with an allied agency to the Division Asset Forfeiture Coordinator (AFC) in a timely manner.**

**Condition:**           Based on a review of the command's MOU with an allied agency, the asset forfeiture MOU for the current year has not been updated and sent to the Division AFC as of April 15, 2009.

**Criteria:**            Highway Patrol Manual 81.5, Drug Program Manual, Chapter 2, Asset Forfeiture Program, paragraph 4.b. states,

"Annual Review. Area AFCs shall review their respective MOUs annually in order to ensure the agreements are current. Area AFCs shall forward copies of renewed MOUs to their Division no later than February 1 of each year. Divisions shall forward copies to FSS no later than March 1. For MOUs not requiring renewal, the Area AFC shall sign and date the MOU on the signature page with the notation "Renewed – no changes required."

**Recommendation:**   The command should comply with departmental policy by submitting timely a copy of their asset forfeiture MOU with an allied agency to the Division AFC.

## CONCLUSION

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Based on the review of the command's operation, this audit revealed the command has adequate operations and only one issue was observed. This report presents a suggestion for management to improve on its operations. In doing so, operations would be strengthened and the command would operate in accordance with departmental policies and procedures.

# **ANNEX**

## **A**

**M e m o r a n d u m**

Date: March 21, 2010

To: Valley Division

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**  
Oroville Area

File No.: 240.13493.11086

Subject: 2009 COMMAND AUDIT REPORT OF OROVILLE AREA

This memorandum addresses the findings outlined in the Command Audit Report memorandum dated January 11, 2010. The Command Audit was conducted from April 14-15, 2009.

**Findings and Recommendations:**

**Asset Forfeiture Program:** The Command Audit Report stated the Oroville command did not submit a copy of the Memorandum of Understanding (MOU) renewing the asset forfeiture agreement with an allied agency to the Division Asset Forfeiture Coordinator in a timely manner. At the time of the audit, the Oroville Command had a MOU in effect with the Butte Interagency Narcotic Task Force (BINTF). However, not all signatures had yet been obtained from the allied agencies participating in the task force. The MOU has since been revised and all signatures have been obtained. Attached to this memorandum is the MOU currently in effect with BINTF. Corrective measures have been implemented to preclude a future recurrence of this type.



M. SHERMAN, Lieutenant  
Commander

Attachments



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